

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 6229

BILL NUMBER: SB 58

DATE PREPARED: Nov 7, 2001

BILL AMENDED:

SUBJECT: Magistrate's Pensions.

FISCAL ANALYST: James Sperlik

PHONE NUMBER: 232-9866

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: This bill: (1) provides that a person serving as a full-time magistrate on July 1, 2002, may make an election to become a member of the Judges' 1985 Benefit System, effective January 1, 2003. It provides that a person who begins serving as a full-time magistrate after June 30, 2002, is a participant in the 1985 Benefit System, effective January 1, 2003; (2) allows magistrates who are participants in the 1985 Benefit System to purchase service credit at full actuarial cost for prior service as a full-time commissioner, magistrate, or referee, or for prior service in other PERF covered positions. (The introduced version of this bill was prepared by the Pension Management Oversight Commission.)

Effective Date: July 1, 2002.

Explanation of State Expenditures: (1) There are 66 full-time magistrates eligible to become members of the Judges' Retirement System as a result of this proposal. The cost of this provision is estimated to be approximately \$257,815 over the next five years, or approximately \$51,563 per year. The fund affected is the State General Fund. This assumes that all persons serving as magistrates and eligible to join the Judges' Retirement System on July 1, 2002, do so. If this is not the case, the estimated fiscal impact described above will be reduced. The specific impact will depend upon choices made by the eligible magistrates.

(2) The total cost of this provision is equal to the amount participants must pay. Therefore, there is no fiscal impact

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Public Employees' Retirement Fund (PERF) as administrators of the Judges' Retirement System.

Local Agencies Affected:

Information Sources: Doug Todd of McCready & Keane, actuary for PERF and the Judges' Retirement System, 576-1508.

Actuarial Cost A cost is characterized as actuarial if it derived through the use of present values. An actuarial cost is often used to associate the costs of benefits under a retirement system with the approximate time the benefits are earned.